UPLIFT Program Guide: Utilizing Progressive Lending Investments to Finance Transformation

As of October 17, 2025

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1 Overview

1.1 Program Background and Policy Statement

In 2021, the Maryland Department of Housing and Community Development ("the Department" or "DHCD") launched the pilot Homeownership Works (HOW) program. Also in 2021, the Maryland Legislature passed, and the Governor enacted the Appraisal Gap from Historic Redlining Financial Assistance Program, authorizing a program to overcome impediments to investing capital in depleted neighborhoods. In 2023, the Department made adjustments to its 2021 HOW Pilot Program. UPLIFT builds off previous initiatives to become a public-private partnership to invest in these communities. Under the legislation, the Appraisal Gap is defined as the difference between a project's total eligible development costs and the price it can be sold for in the market.

UPLIFT will collaborate with a broad array of stakeholders and partners including local jurisdictions; not-for-profit and for-profit developers and builders; community-based organizations engaged in revitalization efforts; political leaders; and, of course, residents. It will involve entities from each sector to align incentives to achieve quality, timely production, and ensure quality and accountability by providing appropriate standards and oversight.

1.2 Program Goals

The primary goal for UPLIFT is to increase property values and provide wealth-building homeownership opportunities for targeted households by accelerating the pace of development, construction, and sale of quality affordable housing in low-income census tracts and designated Sustainable Communities to help close the appraisal gap that occurs in historically redlined communities. UPLIFT also strives to reflect the Department's values of creating sheltered, affordable, justice, lovable, connected communities.

1.3 Program Design

Selected qualified development teams will acquire, develop, build, and sell quality affordable housing in strategically sized and located assemblages located in targeted neighborhoods using a combination of public and private financing. The difference between the cost to produce this housing and its sales prices, (the "Appraisal Gap") will be supplied by the State under UPLIFT.

Development teams will be selected based upon criteria described in this Guide generally and such other criteria as may be published in a notice of resource availability. In the Development Team's application, it will demonstrate the capacity and acceptable site control needed to execute the proposed project as well as private financing to complement the State's financing. As with all the Department's programs, selected Development Teams will meet a number of related public purposes with the project related to the project's configuration and execution.

The Developer will acquire, design, build, and sell the project's homes per an approved budget as well as approved scope of work, contract documents, plans, and specifications. . The developer, the State, and a private lender will close a loan for the construction phase. The budget will include a developer fee sized according to a formula described below. Sales prices will also be approved by the Department in a manner presented below. The developer will requisition funds from the construction loans to finance construction as it progresses and repay the loans upon approved sales. The difference between the approved budgeted

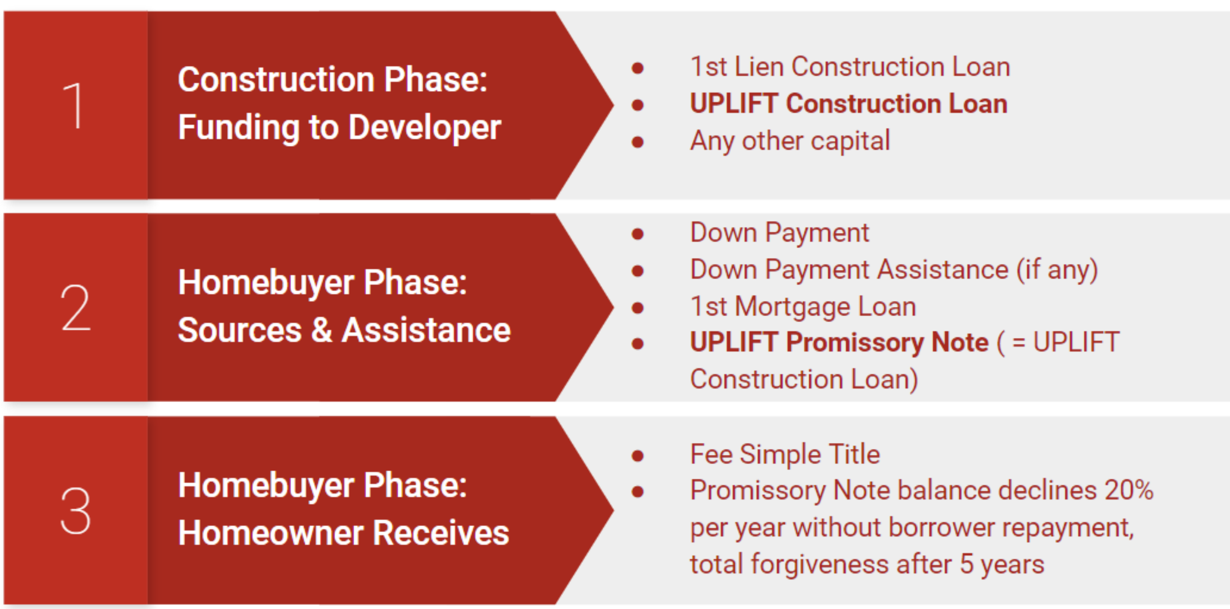
Total Project Cost and Sales Proceeds, the Appraisal Gap, will be reflected in a Promissory Note from the State which the Homebuyer will include as part of the consideration in acquiring fee simple title.

Homebuyers will acquire fee simple title using a combination of some or all of the following:

1. A down payment;
2. Down payment assistance;
3. First mortgage loan offered by the Maryland Mortgage Program (MMP) or other source;
4. Any other acceptable subsidy support; and,
5. A “soft” promissory note with the Department as described below.

In addition to the program's core focus on the transformation of vacant lots and structures into quality affordable housing, UPLIFT will strengthen another essential, complementary dimension of the project area's environment by encouraging social connections among residents in the project area neighborhood, new and current. And, along with these direct program resources, the Department intends to market and provide support from other DHCD programs in each awarded project area. In doing so, UPLIFT will not only strengthen homes owned by low-income residents but also allow them to benefit from the appreciation in values.

The following graphic outlines the flow of funds throughout the UPLIFT process:



1.4 Program Resources

In October of 2021, the State of Maryland allocated $10 million dollars to the Homeownership Works (HOW) pilot initiative, focusing on one neighborhood in the City of Baltimore and the City of Cambridge. The homebuilding stage in each neighborhood follows a participatory planning process led by community-based leaders, and involving the municipality, and other stakeholders.

In the FY '24 budget, an additional $10M was allocated, which will be deployed as framed by the Appraisal Gap Bill, passed in the 2023 legislative session and signed by Governor Moore. It is anticipated that this initial phase of UPLIFT will be succeeded by subsequent rounds both in these and other neighborhoods. Funding for Legacy Homeowners may be provided from a combination of DHCD programs along with any sources leveraged by the Development Team.

1.5 Role of the Program Guide

The Program Guide will describe the basis and process by which the Department will deploy and administer UPLIFT resources. It will reflect the statutes and regulations at both the federal and state levels governing those resources as well as the State's policy priorities for their use.

The Department will deploy UPLIFT's resources through an ongoing or, "rolling," basis dependent upon funding availability. Projects must meet the Threshold Criteria described herein. All applications are also scored according to rating criteria, also found in the Guide. Program deployments involve both Evaluative scores to determine awardees and formalized communication procedures during the application process.

UPLIFT resources are deployed as loans. Thus, in addition to passing Threshold Review and achieving the requisite number of rating points, projects must also be recommended to the Secretary for approval by the UPLIFT Loan Committee. Based upon the UPLIFT Loan Committee Recommendation and the Secretary's Determination, the Department will issue a Commitment Letter specifying the terms and conditions to be met in order to close the project's financing.

While the Program Guide and related documents provide a comprehensive framework for the operation of the program, participants are also advised that if particular circumstances require either a deviation from or a supplement to what is written to serve the public interest, the Department will exercise its judgment to ensure that need is met.

2 Application Process

2.1 Pre-Application Meetings

Each applicant is required to have a pre-application meeting, during which they will receive preliminary feedback regarding project specifics and discuss their proposed projects with DHCD staff. Applicants can schedule pre-application meetings found on the UPLIFT Webpage.

2.2 Waiver Requests

Section 8 of this guide provides information on the submission of waiver requests, including appropriate justifications.

2.3 Application Review Process

Applications for the UPLIFT program will be accepted by the Department in early 2024 via the Department's regular communication channels, including CDA eNews.

Applications from prospective development teams will be evaluated for compliance with UPLIFT's requirements under Threshold Criteria (See Section 3) and scored against Evaluative Criteria (Section 4). The five general areas for Evaluative scoring are:

1. Development Team Experience, Capacity, and Composition
2. Project Impact
3. Leveraging Resources
4. Readiness to Proceed
5. Design Quality

These criteria are intended to select viable projects that meet DHCD's identified priorities as well as all federal and State requirements. Except for requirements of the programs' governing statutes, the Threshold Criteria may be waived by the Secretary of DHCD or the Director of the Community Development Administration, as provided in Chapter 8.

If an application is materially incomplete or is unable to meet the Threshold Criteria, the Department will contact the applicant to discuss any non-complying issues and advise on how to cure. If the application is rejected, the applicant will be notified in writing by DHCD. The rejection notice shall state the reason(s) for the rejection. A sponsor may request reconsideration of a rejection within seven (7) calendar days of the date of the notice of rejection. The request for reconsideration shall be in writing and submitted to the Director of the Community Development Administration. DHCD will review the request and respond in a timely fashion. An initial decision or reconsideration of a decision is not a contested case within the meaning of the Administrative Procedure Act or the Code of Maryland Regulations (COMAR) 05.01.01.

Applicants are advised that costs incurred to submit an application to the Department are borne entirely by them and at their own risk. Moreover, they should be aware the prudent, effective commitment of public resources is a responsibility the Department takes very seriously. If at any point following the initial review it is determined that owing to underwriting or other deficiencies the project will not be approved by the relevant review committee(s), it will be rejected.

Recommendations for reservations of resources under the control of the Department will be made by an internal committee based on the evaluation of projects pursuant to Departmental priorities and the availability of resources. Most resource awards are made subject to a recommendation made by DHCD's UPLIFT Loan Committee to the Secretary of the Department for the authorization to commit and deploy resources. After a reservation has been issued, projects that do not continue to meet all Threshold Criteria or which have changed materially from approved underwriting and conception may be withdrawn from processing.

2.4 Application Requirements

The UPLIFT application obtains essential information enabling the Department to:

1. Evaluate the degree to which the proposed project will meet its program goals and obligations;
2. Fairly evaluate the proposed project in comparison with any competing applications when resources are reserved in competitive rounds; and,
3. Assess the probability that the project will be built as proposed if financed.

The Application Package is composed of seven parts which will be submitted both electronically and physically:

Part: 1. Application Portfolio General Elements
Part: 2. Development Team
Part: 3. Project Economics
Part: 4. Project Location
Part: 5. Design and Construction
Part: 6. Marketing and Sales
Part: 7. Neighborhood Engagement

Each part consists of forms that the applicant will complete and upload electronically and submit physically.

The package will provide detailed information on the proposed development team, development program, and those features of the project determining whether it meets the program’s threshold criteria and, if so, how it should be scored.

2.5 Application Form and Fees

2.5.1 Application Form

Applications must be submitted using the Application Submission Package and will follow any applicable additional requirements related to the particular resources being sought. Application forms may contain more detailed instructions regarding many of the requirements in this Guide. Information in the Application Submission Package supplements this Guide and should be reviewed carefully to ensure compliance with these requirements. The Application Submission Package can be obtained by filling out the UPLIFT Electronic Application Submission Request Form.Notices will be publicized through the Department's usual channels, including CDA eNews.

Applicants must submit two complete copies of the application form including all attachments and exhibits. One of these will be a hard copy of the application and relevant materials and one will be electronic in the form specified in the application. The hard copy of the application should be addressed to Brien O'Toole at 7800 Harkins Rd, Lanham, MD 20706. Applicants should notify the UPLIFT team when they expect the hard copy of the application to arrive to the Department.

All information on the application must be completed or marked as not applicable. All required exhibits must be included, and all required documentation must meet the criteria specified in the Application Submission Package. Materially incomplete will not be considered.

All documents submitted with applications, including environmental assessments, must be deemed current, usually less than twelve (12) months old. Depending on the length of time needed for application processing, updated due diligence reports may be required.

2.5.2 Fees

All sponsors must pay a nonrefundable fee of $1,000 for each application requesting resources under the Department's control. Only one application fee is required for each project, regardless of the number of funding resources requested. The application fee must be paid simultaneously with or before submission of an application. Application fees must be sent under separate cover to the address on the following page, with documentation of the transfer or a copy of the check included with the application.

All application submissions, including repeat submissions, must include evidence that the application fee has been paid. Applications received without the required fee will not be evaluated. The application fee is retained by DHCD even if the application is unsuccessful. Projects failing to receive a reservation of funds may reapply later if and as applications are being accepted, but a new application fee will then be required unless waived.

Other fees may include an origination fee and a closing fee, as a project progresses. More information on all program fees is posted on the UPLIFT Webpage.

Fees can either be paid via an Automated Clearing House (ACH) or a check.

Below is the information needed to complete ACH. If using an ACH, applicants must provide documentation of the payment in their application submission package.

- Account number: 4109044982
- Account type: Checking
- ACH routing number: 121000248
- Wire routing number: 121000248
- SWIFT/BIC code: WFBIUS6S

• Bank name and address: Wells Fargo Bank, 420 Montgomery Street, San Francisco, CA 94104

Checks can be addressed to one of the following:

Maryland Department of Housing and Community Development
Attn, Accounts Receivable
P. O. Box 2521
Landover Hills, MD 20784

OR

Maryland Department of Housing and Community Development
Attn, Accounts Receivable
7800 Harkins Road
Lanham, MD 20706

2.6 Release of Application Information

As a public entity, DHCD may release application information publicly, to local jurisdictions, or to other project participants. Requests for Public Information made under Maryland's Public Information Act are evaluated by the Office of the Attorney General whose determinations are definitive. Other releases of either individual application or collective project information reflect the Department's balanced assessment of both the public interest as well as the commercial and privacy interests of its partners.

2.7 Coordination with or Substitution of Other State Resources

DHCD will coordinate the allocation of resources under its control to determine the appropriate mix of State resources for each project based on a variety of factors, including resource availability and policy priorities.

2.8 Loan and Resource Underwriting

Project applications that pass Threshold Review, score adequately, and for which adequate resources appear likely to be available will enter the UPLIFT underwriting pipeline. In pipeline, applications will be processed and underwritten for feasibility and the degree to which they meet the Program's goals. The underwriting schedule will be determined at a Project Kick-off Meeting generally to be held 45 to 60 days after a complete application submission.

Processing will include a Final Underwriting Submission (FUS) using the prescribed packages updating financing, design, construction, and marketing elements. Final submissions will form the basis for underwriting recommendations for loan and other resource approvals.

2.9 Initial Financing Closings

A Secretary's determination will follow from underwriting approval(s) authorizing a commitment and investment of resources. The Office of the Attorney General represents the Department and predicates the closing on the satisfactory submission of closing checklist items.

2.10 Construction Administration

Shortly after the closing of initial financing, and an issuance of a Notice to Proceed to the builder, a Construction Kick-off Meeting will be held to coordinate construction phase processes as well as marketing and occupancy requirements.

3 Threshold Criteria

Projects must meet all of the following Threshold Criteria to ensure basic program guidelines are met and DHCD resources are reserved for projects that are viable and ready to proceed. Projects meeting all criteria listed in this section, or successfully obtaining waivers for such criteria, will be evaluated against the Evaluative Scoring Criteria in Chapter 4.

3.1 Project Location

Maryland's Appraisal Gap bill passed in 2021 and subsequently amended calls for the Department to invest allocated funds for the purpose of addressing the gap in values between properties in historically redlined neighborhoods and properties in other communities where capital was invested unrestricted by racial bias. The law reflects the enduring disparities in household wealth across racial categories resulting from the legacy of both de jure and de facto financial as well as residential segregation. UPLIFT fulfills important elements of the law's requirements by channeling resources into areas where low property values make housing development infeasible.

To most successfully reverse longstanding patterns of disinvestment, UPLIFT projects must be strategically located, sized at adequate scale, include a substantial portion of a community's vacant or dilapidated properties and be characterized by quality design and construction. These investments should be accompanied by initiatives that address neighborhood conditions that a) could deter potential homeowners and b) that strengthen a community's Neighborhood Engagement. These projects will involve local jurisdictions, community-based development organizations, and other stakeholders pursuing well founded revitalization plans.

To be eligible for funding under UPLIFT, projects must be composed of properties which are newly constructed or are formerly vacant structures that will be substantially rehabilitated. They must also be located in both a Low-Income Census Tract and an area designated as a Maryland Sustainable Community. A Low-Income Census Tract is a census tract where 50 percent of households have incomes below 60 percent of the Area Median Income (AMI) or have a poverty rate of 25 percent or more. The UPLIFT Qualified Areas Map shows the program's eligible areas.

New Construction projects are not to be located in FEMA Flood Zone Areas. Any project located in Zone C may submit a waiver request, which must be accompanied by documentation provided by the project's engineer outlining the project's risk of flooding. Any project located in Zone X may submit a waiver request, which must be accompanied by a flood mitigation plan or documentation provided by the project's engineer outlining the project's risk of flooding. For projects within a 100-year floodplain, a flood mitigation plan must be provided. For projects outside of the 100-year floodplain but within the 500-year floodplain, either a flood mitigation plan or documentation provided by the project's engineer outlining the project's risk of flooding must be included.

3.2 Development Team Requirements

As used within this Guide, the term Developer refers generally inclusively to the project sponsor, project owner, guarantor, and general partner/managing member with an ownership interest in the project's ownership entity whether such roles are held by individuals, corporate entities, partnerships, or limited liability companies.

More specifically, the UPLIFT program recognizes two types of developer, a Lead Developer and an Associate Developer working in joint venture with a Lead Developer. Generally, the Department will approve any agreed division of roles and responsibilities between the Lead Developer and Associate Developer(s) that reflects their respective capacities and interests. The Lead Developer will however be required to have a determinative or controlling position in any project related joint venture or special purpose entity and will be ultimately responsible for the successful completion of the project.

The “Primary Development Team” consists of the developer, general contractor/builder, architect, Neighborhood Engagement Facilitator, and marketing and sales entity. A single party may fulfill more than one Development Team role. The “Secondary Development Team” includes the project’s civil engineer, attorney, accountant, and/or other specialized professional service providers.

All corporations, limited liability companies, or limited partnerships that make up the Developer, Project Owner, or that will provide guarantees to the transaction must submit audited, reviewed, or compiled financial statements, as well as interim statements acceptable to DHCD. Financial statements should be prepared according to Generally Accepted Accounting Principles (GAAP). Any individual providing guarantees or who will be a managing member or general partner in the Developer must submit personal financial statements, including certifications acceptable to DHCD. The required financial statements must include calculations of total assets, total liabilities, current assets, and current liabilities. Complete financial statement requirements may be found in the Application Submission Package.

If, at any point, the financial statements, including associated management letters, raise concerns about material misstatements, lack of internal controls, doubts about an entity’s ability to remain a going concern or its ability, to successfully execute the proposed project, the application may, in the sole discretion of DHCD, be rejected on a threshold basis. The project will only advance to closing if developer entities and guarantors are determined by the Department, in its sole determination, to have an acceptable credit history and the current financial capacity to successfully undertake the project.

3.2.1 Development Team Experience

3.2.1.1 Minimum Experience

In order to be included in a qualifying application, each of the developer, builder/general contractor, architect, Neighborhood Engagement Facilitator, and marketing and sales entity must have had experience as a significant participant or developer in comparably scaled project that built, or significantly renovated housing of the type proposed within the last five years. One of those projects must have entailed at least three units.

3.2.1.2 Disqualifying Experience

Within five (5) years prior to the application date, members of the Primary Development Team may not have received a reservation or commitment of funding from DHCD for a project that was not carried out for any of the following reasons:

- The inability of the development team to discharge the typical responsibilities and perform the roles promised in its application and in subsequent submissions;
- The unwillingness of the development to make a good faith effort to discharge the typical responsibilities and perform the roles promised in its application and in subsequent submissions; and,
- Members of the Development Team received a reservation or commitment of loan funds from any State Agency or Local Jurisdiction but were unable to close the financing.

Within five (5) years prior to the application date, members of the Primary Development Team may not have completed a project with Departmental resources which materially departed from the agreed standards, terms, or conditions upon which the Department’s involvement was predicated.

These criteria do not apply to the voluntary return of a reservation or commitment by a Developer based on a determination that the project as originally proposed was no longer feasible, provided that DHCD was willing to accept the return and there was no loss to DHCD of State resources.

In addition, within five (5) years prior to the application date, Primary Development Team members may not have:

- Participated as an owner or manager in the development or operation of a project that has defaulted on a DHCD or other government or private sector loan;
- Consistently failed to provide documentation required by DHCD in connection with other loan applications or the management and operation of other existing projects;
- Been involuntarily removed as a general partner or managing member from any affordable housing project whether or not financed or subsidized by the programs of DHCD;
- Received a limited denial of participation from the U. S. Department of Housing and Urban Development (HUD);
- Been debarred, suspended, or voluntarily excluded from participation in any federal or state program;
- Been directly involved with any project placed on DHCD’s defaulted loans watch list due to actions which, in the opinion of DHCD, are attributable to the sponsor or the Development Team member;
- Have unpaid fees, loan arrearages, or other obligations due to DHCD on other projects; or,
- Been found by any state or federal agency or court of competent jurisdiction to have acted in violation of the Fair Housing Act, the Civil Rights Act, or any other state or federal law prohibiting

discrimination, or failed to comply with the terms of any agreement or court order related to any settlement, conciliation, or legal action related to such a violation.

- To have materially failed to meet the standards and obligations to which it committed itself in any development project involving public partners.

This evaluation will be based on mandatory disclosures by Primary Development Team members, including submission of financial statements meeting the criteria specified in the Application Submission Package, as well as a review of DHCD records, personal credit histories, commercial credit reports, and other available information. Knowingly providing false information to DHCD on the application or otherwise may subject the applicant to penalties under Maryland law.

3.2.1.3 Credit History and Status

Members of the Development Team acting in the role of developer, general contractor, and architect will not be considered for funding if they have unpaid state or federal income, payroll, or other taxes as of the application date or a record within the five (5) years prior to the application date of any of the following that are unacceptable to DHCD:

- Chronic past due accounts;
- Substantial liens or judgments;
- Three or more instances of unpaid taxes (even if cured prior to the application date);
- Foreclosures or bankruptcies; or
- Deeds in lieu of foreclosure.

All members of the primary development team must underwrite as going concerns with the evident ability to remain capable of executing the proposed project through the entire project period.

This evaluation will be based on mandatory disclosures by Development Team members, including submission of financial statements meeting the criteria specified in the Application Submission Package, as well as a review of DHCD records, personal credit histories, commercial credit reports, and other available information. Knowingly providing false information to DHCD on the application or otherwise may subject the applicant to penalties under Maryland law.

3.3 Development Costs and Fees

DHCD limits funding awards to the amount necessary to make a project financially feasible. Even if a specific line item is not being paid with DHCD funds, any excessive cost, regardless of the source of financing, increases the gap and affects the public subsidy needed by a transaction. As a result, DHCD reserves the right to require any applicant to provide a justification of any development cost line item regardless of the source of funding which may, in its sole discretion accept or reject, in whole or part. The following standards will be applied to specific cost items.

3.3.1 Acquisition

The acquisition price is defined as the consideration offered for the transfer of title and legal ownership. The acquisition price does not include:

- Reasonable and necessary soft costs related to the acquisition, such as legal expenses associated with zoning, title expenses, relocation costs, and engineering fees; or,
- Off-site improvements, such as extensions of infrastructure necessary to prepare the site for its intended use, provided that the absence of such improvements is clearly noted and accounted for within the appraisal's estimate of "as is" value.

The acquisition price must meet the following requirements:

- In the case of an Arms-Length Transaction (as defined below), the acquisition price must be less than or equal to the "as is" appraised value of the property.
- In the case of a transaction involving a change of use, the acquisition price must not exceed the lesser of the "as is" appraised value or the "as completed" appraised value based on the project's projected end use.
- In the case of a Related Party Transaction (as defined below) where the property was acquired less than two years before the application date, the acquisition price must not exceed the lesser of the "as is" appraised value or the applicant's original acquisition price plus carrying costs acceptable to DHCD.
- In the case of a Related Party Transaction where the property was acquired two or more years before the application date, the acquisition price does not exceed the "as is" appraised value of the property.

For purposes of this section, an Arms-Length Transaction is one between parties made freely and independently of each other, and without a special relationship such as family relationship, other business relationship, or the existence of a controlling interest between the parties. In contrast, a Related Party Transaction includes one between parties where familial, business, controlling interests, or other close ties exist prior to the transaction.

DHCD will allow real estate taxes and other carrying costs associated with owning the site for up to twelve (12) months prior to application and during the period after acquisition and application to be counted towards the allowed acquisition price of the property.

3.3.2 Cost of Construction

Construction will be performed under AIA Form 102 - 2017 a Guaranteed Maximum Price Contract or AIA 121 (Master Agreement) and 221 (Work Order) with a Stipulated Sum selected, or comparable form approved by the Department. Because few projects will allow access before the application, per square foot cost allowances will be provided for hard costs. Builder Fees will be limited per the schedule below.

Builder/Contractor Fees		
Entity	**Small Project (=<15 structures)**	**Large Project (>15 structures)**
Builder (Unrelated Party)		
Profit	Up to 10% of Hard Construction Costs	Up to 10% of Hard Construction Costs
Overhead	Up to 3% of Hard Construction Costs	Up to 3% of Hard Construction Costs
General Requirements	Up to 10% of Hard Construction Costs	Up to 10% of Hard Construction Costs
Total	Rehab: Up to 20% of Hard Construction Costs New Construction: Up to 20% of Hard Construction Costs	Rehab: Up to 17% of Hard Construction Costs New Construction: Up to 15% of Hard Construction Costs
Builder (Related Party)		
Profit	Up to 3% of Hard Construction Costs	Up to 3% of Hard Construction Costs
	Small Project (=<15 structures)	**Large Project (>15 structures)**
Overhead	Up to 3% of Hard Construction Costs	Up to 3% of Hard Construction Costs
General Requirements	Up to 10% of Hard Construction Costs	Up to 10% of Hard Construction Costs
Total	Rehab: Up to 20% of Hard Construction Costs New Construction: Up to 20% of Hard Construction Costs	Rehab: Up to 17% of Hard Construction Costs New Construction: Up to 15% of Hard Construction Costs

3.3.3 Construction Related Professional/Third-Party Fees

Appropriate professional and third-party Fees, like Development Fees, are essential to any successful project. Moreover, it is recognized that many affordable housing professionals and developers invest more into their projects than is monetarily compensated. It is comparably important that fees paid with public funds are sized to reflect the actual costs and risks incurred by professionals and developers.

The UPLIFT program expects its projects to span a wide range of development team configurations, project sizes, number of building types, building conditions, acquisition costs, and sales programs. Since these are among the most important factors affecting the reasonableness of various fees, they are used to generate the following limits for professional, third-party, and developer fees.

Professional/Third Party		
	Small Project (=<15 structures)	**Large Project (>15 structures)**
Architect (Design)	Rehab: 7% of Hard Construction Costs New Construction: 2% of Total Hard Construction Costs + an additional 1% of Total Hard Costs for each Unit Type up to a maximum of 5%.	Rehab: 5% of Hard Construction Costs New Construction: 2% of Total Hard Construction Costs + an additional 1% of Total Hard Costs for each Unit Type up to a maximum of 5%.
Architect (Supervision)	3% of Hard Construction Costs	3% of Hard Construction Costs
Civil Engineering	5%	5%
Structural Engineering (Assessment/Shoring)	3%	3%
Environmental	1%	1%
Energy/Green	1%	1%
Historic Consultant	2%	2%
Broker's Fee (Sale to Homebuyer)	3%	3%

Applicants may request waivers to the professional fee limitations described above for projects that require specialized consultants or services. Waivers must be requested in accordance with Chapter 8 and will be granted at the sole discretion of DHCD and upon a determination that the increased costs are necessary and reasonable given unique features of the proposed project.

3.3.4 Developer Fees

The Developer's Fee is inclusive of all fees paid to the Developer, processing agents, and development consultants.

This fee will include any deferred fees. The maximum Total Developer Fee will be the lesser of one of the following:

1. $50,000/DU;
2. 12.5% of Total Development Costs.

3.4 Neighborhood Engagement

DHCD recognizes that thriving communities and reducing appraisal gaps depend on more than quality, affordable housing, and commercial services. Social connections among new households and between new and current residents are also essential. Such connections nurture the young, support the elderly, and enable residents to advocate on issues of shared concern. There are many different activities and institutions that can contribute to the strength of a neighborhood's social engagement and which of these will be present or can be nurtured in a given community will depend on the specific community's people, history, and institutions.

Therefore, UPLIFT applicants will be required to include a satisfactory Neighborhood Engagement Plan which:

1. Identifies the local institutions in the community which contribute to its Neighborhood Network including:
    a. Religious Organizations
    b. Cultural Institutions
    c. Community, Neighborhood, Civic, and Local Betterment Associations/Organizations
    d. Merchant Groups
    e. Block Associations and Affinity Groups
    f. Sports, Arts, Recreational, Gardening, and Hobby Groups
    g. Youth Groups
    h. Service Clubs
    i. Health Care Organizations
    j. Other similar groups, organizations

2. Outlines the ways in which new occupants will be connected to such groups during marketing and sales and after;
3. Identifies Neighborhood Engagement boosting activities which they propose to foster either directly or in partnership with another local institution. Identification of partners, including written agreement(s).
4. Identifies a plan for engaging Legacy Homeowners and existing community members to foster a strong neighborhood community.

5. Proposes a strategy assuring that existing neighborhood residents who could benefit by property tax increase mitigation receive the information and assistance they need to do so.

3.5 Development Quality Thresholds

The quality of the projects financed by the Department is crucial to the success of its programs and to meeting its responsibilities as a steward of public resources. The Department requires complete adherence to the design, scope of work, timeliness, and quality stipulated in project contract documents as well as in the most current version of UPLIFT's Design and Constructions Standards found on the UPLIFT Webpage.

3.6 Project Marketing and Sales

UPLIFT will balance its aims of elevating property values in disinvested neighborhoods and expanding affordable quality homeownership opportunities. It will pursue the first aim by encouraging sales prices that overtime bring values closer to levels that will allow private market investment. To ensure it meets the second, it will reserve at least 25% of Project units for sale to households earning 80% of the Area Median Income (AMI) and below. AMI limits are : 2024 Income Limits .

Applications will include both a Marketing and Sales Plan as well as an appraisal reporting the As-is and As-Complete values for each proposed unit type. Those values will be updated in the Final Underwriting Submission (FUS) and form the basis for sizing the UPLIFT subsidy.

3.6.1 Homebuyer Acquisition Sources

In exchange for acquiring fee title to their homes, homebuyers will provide resources drawn from some or all of the following categories:

1. Down payment
2. Down payment assistance
3. A first-lien mortgage
4. Any other source
5. A Loan from the Department in the amount of the UPLIFT subsidy under a Promissory Note (PN) from the Department described below in Section 6.

Although homebuyers are not required to use Maryland Mortgage Program (MMP) products, the Department intends to offer qualifying prospective buyers a highly competitive array of homebuyer resources. More information on these will be found on the Maryland Mortgage Program webpage.

3.6.2 Affirmative Fair Housing Marketing

The State of Maryland has a compelling interest in creating fair and open access to affordable housing and promoting compliance with state and federal civil rights obligations. Fair Housing requirements apply to the full spectrum of housing activities, including, but not limited to, outreach and marketing, qualification and selection of residents, and occupancy. This Guide continues DHCD's long-standing commitment to affirmatively furthering fair housing.

All applications must include a certification that the project will develop and implement an Affirmative Fair Housing Marketing Plan (AFHMP) using HUD-935.2B Form

To provide the greatest access to housing opportunities for Maryland's residents, all AFHMPs also must include, at a minimum, the following provisions to:

- Ensure access to sales offices for persons with disabilities;
- Provide flexible application and office hours to permit working families and individuals to apply;
- Encourage credit references and testing that take into account the needs of persons with disabilities or special needs;
- Provide notice of unit availability to a very broad array of channels to prospective occupants, particularly those least likely to apply; and,

- Develop marketing strategies to identify applicants that are least likely to attain homeownership.

In the event HUD updates from HUD-935.2B or DHCD later publishes additional AFHMP requirements, applicants will be required to use the newest versions of such forms and/or criteria available.

Prior to closing DHCD will review the AFHMP to ensure it conforms with all HUD and DHCD requirements and will reject any AFHMP that is not in conformance. Failure to comply with an approved AFHMP will result in negative points in future applications.

3.6.3 Sales Restrictions

Applicants will be required to sell properties in accord with the agreed household income levels and target sales prices. These levels, for the restricted units, will reflect the Maryland Mortgage Program Income Limits.

Generally, the sale of at least 25% of a project's units will be restricted and affordable to households at 80% of AMI or below.

3.6.4 Relocation and Displacement

Generally, DHCD will not participate in a project if it results in the displacement of residents dwelling on the site of the proposed project. If the project will result in the temporary or permanent relocation of any residential tenants, DHCD expects the applicant will comply with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 (42 U.S.C. 4601) (URA) and §104(d) of the Housing and Community Development Act of 1974 (42 U.S.C. §5304(d)) regarding resident notice and compensation. These requirements apply to all funding requests regardless of the ultimate source of the funds.

All applicants should make themselves familiar with URA and §104(d) requirements, including required notices from both the purchaser and seller that may apply to the project. DHCD will consider waivers to its cap on permanent displacement only to the extent that the displacement complies with URA and leverages substantial federal investment. Information on federal relocation requirements and the rights of affected tenants may be found on HUD's webpage on Real Estate Acquisition and Relocation.

3.7 Other Financing Commitments

Letters of intent to provide financing must be furnished for all funding sources identified in the application.

3.7.1 Related Parties

Entities deemed by the Department to be Related Parties under the criteria below are required to fully disclose the nature of their relationships. The Department requires the disclosure of all principals and owners the Developer or the Sponsor; as well as of any common financial interest among Primary Development Team, including the Developer/Sponsor, General Contractor (and subcontractors); Architect; and Marketing and Sales entities. Related Parties are those having a current business or familial relationships.

While the Department appreciates the reasons entities may establish such relationships, they can diminish the need for public subsidy and introduce conflicts of interest which reduce the degree of mutual accountability among parties in the development process typical of those undertaken by teams of unrelated parties. Accordingly, where an identity of interests exists among parties, the Department will adjust the allowable fees per the schedule below. In addition, certain related party relationships will not be allowed, in particular among the project's architect of record and either the general contractor or the developer.

3.8 Readiness to Proceed, Due Diligence, and Financial Feasibility

Adherence to agreed development schedules is a material priority for the Department. Projects that fail to do so impair the Department's ability to meet its mission. Accordingly, projects that do not proceed as planned are subject to the rescission of anticipated resources.

As part of the Application Submission Package, sponsors must complete the application's development schedule. This schedule must be consistent with DHCD's underwriting and construction review process. Projects are expected to meet the development schedule as proposed. In cases where a zoning change, variance, or exception is necessary, schedules must be consistent with the analysis provided by the Development Team's zoning attorney or engineer. In all cases, the Anticipated Development Schedule must reflect the project's readiness to use DHCD resources as projected.

The Department will require that proposed project sites are adequately investigated and characterized so that project scopes of work and construction budgets are fully responsive to property needs. The scope of the due diligence investigation will reflect the nature of the risks which can be reasonably anticipated on a site including but not limited to environmental, stormwater management, infrastructure and building systems. Due diligence will be performed by qualified third parties acceptable to the Department.

Additionally, all projects must be financially feasible in accordance with DHCD underwriting standards and generally accepted industry practices.

3.9 Site Requirements

3.9.1 Site Control

The application must demonstrate that the developer has direct control of at least 70% of all vacant properties in the defined Project Area (defined below). Waivers may be requested for projects where the developer demonstrates critical mass to the Project Area but does not meet the 70% requirement.

Vacant properties are those deemed to have a depressing effect on property values, deterring prospective homebuyers, or degrading the quality of life for residents within the project area within such a timeframe as to sustain revitalization momentum. Vacant status can come from either visual inspection or documentation from local jurisdiction code enforcement. Absent a local jurisdictional vacancy designation or unambiguous visual evidence, The Department will use its judgment to determine vacancy status. The Project Area is defined as 1) the rectangle encompassing all project units and bounded by the streets in the four cardinal directions, or 2) the single street on which all project units are located, bound by the cross streets nearest the end units. Sites that are physically vacant but are documented to the satisfaction of the Department to be part of a near-term forthcoming development that will further enhance the area's built or social environment such as housing, public amenities (e.g. parks, libraries, community centers, etc.), or another positive use (e.g. stormwater bioswale, micro-grid, etc.) will not, for the purposes of this calculation, be deemed vacant.

Acceptable evidence of site control includes deeds, contracts of sale, leases, purchase options, land disposition agreements, and other similar agreements from a local government, or other evidence at DHCD's discretion. The application will include an Acquisition Schedule including a complete roster of all such properties, current ownership, and a projection of how and by when it will be conveyed to the applicant.

The Acquisition Schedule will have been signed by the head of the agency responsible for the acquisition of such property for the purpose of redevelopment. In all cases and regardless of which proposed funding source will pay for the acquisition price, an appraisal, or other means acceptable to the Department, will be used to assess the reasonableness of the acquisition price in the project budget. Where an independent professional appraisal is required, DHCD, in its sole discretion, may accept an appraisal that is commissioned by another lender and prepared by an independent professional appraiser for that lender.

3.9.2 Zoning

Sites must be properly zoned for their intended use. If a zoning change, variance, or exception is required, sponsors must provide the following information in the application:

- Documentation illustrating the present status of the proposed zoning change and the local planning and zoning process;
- Contact information for a local official familiar with the project and responsible for the approval process; and
- A detailed schedule with projected dates for obtaining the required approvals corresponding to the project schedule in the Application Submission Package.

3.9.3 Environmental Assessments

Each project must comply with applicable requirements of local, State, and federal environmental laws and regulations. As part of the Application Submission Package, completion of the Department's Environmental Checklist is required. Any additional environmental assessment reports, if available, may also be submitted. If the project proceeds to underwriting, an environmental assessment responsive to the property's conditions will be required.

3.9.4 Utilities

All project sites must be able to access all required utilities.

3.9.5 Eligible Scattered Sites

Projects which involve either the rehabilitation of existing scattered site homes or new construction on non-contiguous vacant infill lots, whether as a stand-alone project or as part of a larger scattered site redevelopment project, must include in the application a current community revitalization plan. The community revitalization plan must meet the requirements found in Section 4.4.1 below.

3.10 Appraisal

Applicants will substantiate the value of acquired sites and the projected sales prices of each unit type with an appraisal. A broker's opinion of value may substitute for an appraisal upon request if approved by the Department. The appraisal must be prepared by an independent professional who has experience with the project type and is licensed in the State of Maryland.

4 Evaluative Scoring Criteria

Projects that meet all Threshold Criteria will be evaluated against the Evaluative Scoring Criteria. Evaluative scoring will determine the award of funds within a funding round and may be used to prioritize Departmental funding. The scoring criteria are intended to ensure projects are completed to most ably and cost effectively meet Department goals.

	Scoring Summary Table	Section Max Points	Subsection Max Points
4.1	**Development Team Capacity**	**60**	
4.1.1	Development Team Experience		40
4.1.2	Development Team Deductions		(10)
4.1.3	Development Team Financial Capacity		10
4.1.4	Nonprofits (NPs), Public Housing Authorities (PHAs), and Local Small Businesses		10
4.2	**Project Impact**	**50**	
4.2.1	Scale of Physical Impact		30
4.2.2	Income Targeting		20
4.3	**Leveraging and Cost Effectiveness**	**30**	
4.3.1	Direct Leveraging		20
4.3.2	Public Impact Investments		10
4.4	**Readiness to Proceed**	**30**	
4.4.1	Neighborhood Plan Alignment		10
4.4.2	Due Diligence, Design, Scope, and Budget		10
4.4.3	Land Use and Construction Approvals		10
4.5	**Development Quality**	**20**	
4.5.1	Project Durability and Enhancements		20
4.5.2	Construction and Rehabilitation Cost Disincentives		(8)
4.6	**State Bonus Points**	**10**	10
	Total	**200**	200

4.1 Capacity of Development Team: 60 points maximum

The ability of the applicant development team to successfully execute the proposed project within the expected budget, schedule, and to the level of agreed quality is of paramount importance to the Department.

4.1.1 Development Team Experience: 40 points maximum

DHCD will award up to forty (40) points based on an assessment of Development Team capacity. Capacity will be evaluated based on the demonstrated relevant experience and qualifications of the Primary Development Team: Lead Developer, General Contractor/Builder, Architect, Marketing and Sales Agent, and Neighborhood Engagement Facilitator. DHCD will evaluate the Primary Development Team (see Section 3.1 for Primary Development Team members) based on their record of accomplishment during the past seven (7) years with projects/tasks that are similar in size, scope, and complexity to the proposed project. Primary Development Team members without appropriate experience should establish partnerships with experienced entities. In the case of a joint venture, points will be awarded based on the capacity and experience of the controlling member of the joint venture.

Points for Team Member Experience will be awarded in proportion to the team member's experience in comparable projects and tasks relative to the project proposed in the application. The number of completed projects in the last five years or the team member's organizational life span, the number units in those projects, as well as the dollar amount.

Development Team Capacity					
Team members will be awarded the indicated points according to the number of successfully completed comparable projects* over the last seven (7) years.					
Number of successful, comparable projects completed.	***Lead Developer***	***General Contractor/ Builder***	***Architect***	***Marketing/ Sales Agent***	***Neighborhood Engagement Facilitator***
4	12 Points	12 Points	8 Points	4 Points	4 Points
3	11 Points	11 Points	7 Points	3 Points	3 Points
2	10 Points	10 Points	6 Points	2 Points	2 Points
1	7 Point	5 Points	5 Points	1 Point	1 Point

4.1.2 Development Team Deductions: Negative 10 points maximum

Points will be deducted from the Development Team Capacity score for any team member with a record of the following within the past five (5) years:

Processing Timeframes:

- For projects currently in CDA's pipeline, failure to meet CDA's loan processing schedules, or construction progress or completion timeframes.

Compliance Issues:

- Failure to maintain income targeting as required under any DHCD funding agreements;
- Failure to maintain adequate documentation of occupant eligibility or qualified basis;
- Failure to promptly resolve compliance matters arising from commitments in prior applications that led to the award of resources from the Department;

Management Issues:

- Untimely submission of required DHCD documents (including, but not limited to budgets);
- Consistent history or pattern of construction defects, including structural, roofing electrical, grading, and drainage or similar issues after construction.
- Own or operate any properties that violate building, health, occupancy, or other similar codes;
- Failure to maintain a current management agreement on file with DHCD;
- Failure to comply with an approved AFHMP; or
- Late payments of any type.

Construction Management Issues:

- Failure to pay contractors according per construction contract;
- Failure to make a good faith effort to meet Fair Practices goals established for previous projects;
- Inability to resolve construction related issues, which result in an unreasonable delay of project completion; or
- Construction cost increases not approved by DHCD.

4.1.3 Development Team Financial Capacity: 10 points maximum

Up to ten (10) points may be awarded based on the financial capacity of the Developer, which as defined in Section 3.1, includes the project sponsor, guarantor, and general partner/managing member with an ownership interest in the project's ownership entity whether such roles are held by individuals, corporate entities, partnerships, or limited liability companies.

The required financial statements must include calculations of Total Assets, Total Liabilities, Current Assets, and Current Liabilities. DHCD will use these figures to assess the Developer's financial capacity, assessing whether the Developer has access to sufficient working capital to carry the project through pre-development and/or unexpected challenges, and net worth (net assets for nonprofit organizations) sufficient to provide applicable guarantees of project completion and operations.

Points will be awarded based on:

1. the proportion of net worth (or, for not-for-profits, net assets) to Total Project Costs; and,
2. the proportion of net current assets to Total Project Costs.

A ratio of 25% of net worth or net assets to Total Project Costs will earn the maximum of 5 points for net worth/assets measure. A ratio of 10% of net current assets to Total Project Costs will earn the maximum of 5 points for liquidity.

4.1.4 Nonprofits (NPs), Public Housing Authorities (PHAs), Local Small Businesses: 10 points maximum

DHCD seeks to encourage the meaningful involvement of certain types of development entities in the planning, development, and sales of affordable housing, including:

1. Not-for-Profits, especially those with strong connections to the communities in which projects are located (NPs);
2. Public Housing Authorities (PHAs); and,
3. Local Small Businesses.

Collectively these will be referred to as, “Qualifying Entities,” (QEs). DHCD will therefore award points to project proposals with material and meaningful participation by such entities. This participation is expected to reflect the actual capabilities of the entity.

For the purpose of awarding points, the Department defines entity types (“Qualifying Entities” or “QE”s) as follows:

- A NP is tax-exempt under Section 501(c)(3) or 501(c)(4) of the Internal Revenue Code and independent of any for-profit entity and whose purposes include the production of affordable housing or community revitalization;
- A PHA is recognized as such under the Maryland law;
- A local small business within the project’s local jurisdiction with fewer than 500 employees, that fits the Small Business Administration’s definition of a small business, as local development corporations and nonprofit organizations whose activities contribute to a broader revitalization effort, and whose projects are intended to promote investment.
    -

Projects shall be eligible for a maximum of ten (10) points under this section. The roles eligible for points are:

- Primary Development Team
    - Lead Developer, Qualifying Entity (QE) Owns >50% of the Development Entity and controls it.

  - Associate Developer, Qualifying Entity owns >9.99% of the Development Entity or takes substantial responsibility for developing at least 10% of the project sites.
  - General Contractor/Builder
  - Architect
  - Marketing and Sales Agent
  - Neighborhood Engagement Facilitator
- Secondary Development Team
  - Attorney
  - Engineer (Structural, Mechanical, Electrical, Civil)
  - Specialized Consultant (Energy, Historic, Environmental)

The same entity, fulfilling more than one role, can receive points for each of the roles it performs. For example, a Community-Based NP (defined below), or PHA could have a 10% developer/owner role in Category 2 and also receive points in Category 4 as a service provider.

Category	Role	Ownership	Possible Points
1	Controlling ownership in developing entity	>50%	8
2	Participation ownership in the developing entity; Meaningful, defined involvement.	>10%, <=50%	4
3	Member of the Primary Development Team as the general contractor/builder or architect.	NA	6
4	Member of the Primary Development Team as the Marketing and Sales Agent or Neighborhood Engagement Facilitator.	NA	2
5	Member of the Secondary Development Team as civil engineer, attorney, accountant, or other specialized professional service provider	NA	2 per role

To receive points for these roles, the QE must show sufficient experience to carry out the proposed role. Such experience need not be on previous affordable housing projects.

4.2 Project Impact: 50 points maximum

The UPLIFT application will encourage the transformation of the built environment by prioritizing projects that transform the largest proportion of vacant properties in the project area. The Department intends that its impact reaches a broad range of households across the income spectrum and especially to current residents. To ensure it does so, in addition to the minimum set aside of 25% of project units, UPLIFT will incentivize additional affordability by awarding points to further income targeting.

4.2.1 Scale of Physical Impact: 30 points maximum

Scale of Impact will be measured by the percentage of the Project Area's vacancy captured by the project. Points will be awarded based upon the number of parcels in the project as a fraction of all vacant parcels in the Project Area. The score will be calculated by using all sites under such control as the numerator and the total number of sites in the Project Area as the denominator. The resulting fraction will be multiplied by the 30 possible points.

For example, if there are 30 vacant sites in a Project Area and the developer has control of 24 of the sites (80% of all vacancies in the Project Area), the application would receive points based on the following calculation:

24 sites under control / 30 vacancies in Project Area = 0.8 x 30 possible points = 24 points awarded

4.2.2 Income Targeting: 20 points maximum

Points will be awarded according to the following chart, based on a calculation of the weighted average of the project's for-sale restrictions. For the purpose of the calculation, the lowest AMI credited will be 80%, including any restrictions on the mandatory 25% restricted units.

For example, a 20-unit project has the following unit restrictions:

- 5 units with the mandatory restriction of 25% of units at 80% AMI or below,
- 10 units restricted to 90% of AMI, and
- 5 units as unrestricted

This example would generate a weighted average of:

$$\frac{(80\% \times 5 \text{ units}) + (90\% \times 10 \text{ units}) + (100\% \times 5 \text{ units})}{20 \text{ units}} = 90\%$$, corresponding to 8 points on the chart below.

Points	Average Area Median Gross Income
20	80.00% or below
18	80.01 to 82.99%
16	83.00% to 84.49%
14	84.50% to 85.99%
12	86.00% to 87.49%
10	87.50% to 88.99%
8	89.00% to 90.49%
6	90.50% to 91.99%
4	92.00% to 93.49%
2	93.50% to 94.99%
0	95.00% or greater

4.3 Leveraging and Cost Effectiveness: 30 points maximum

The State aims to incentivize cost-efficient development to leverage public investment that improves the overall quality of life in a community and increases the likelihood of private investments. Therefore, to encourage development that balances meeting pressing housing needs, ensuring high quality construction that is attractive, efficient, and sustainable, while investing resources in a responsible manner, DHCD will adjust scoring to favor cost-effective transactions.

Points will be awarded in proportion to the amount of leveraged resources relative to project costs. To receive points under this section for a leveraging contribution, the Applicant will furnish evidence from the source of the funding which the specific project should anticipate or has received, what conditions are entailed, and the timing of the anticipated funding.

If the source is a political subdivision the letter describing contribution from an authorized political subdivision official is required. The contribution cannot be contingent upon completion of tasks or improvements unrelated to the project. Such contributions might include:

1. The donation or long-term leasing of land or improvements;
2. Capital funds for acquisition, construction, rehabilitation, or development costs;
3. Locally installed infrastructure or site improvements which reduce off-site costs attributable to the project; or
4. Waiver of local fees for permits, tap fees, impact fees, and other fees and charges;
5. Support to home buyers or to Legacy Homeowners.
6. Reductions in real estate taxes; or,
7. Long-term agreements for a political subdivision to provide services at no cost to a project such as trash collection.

Scoring will be calculated based on the overall percentage of leveraged funds, with projects with a higher level of leveraged funds receiving the greatest points.

4.3.1 Direct Leveraging: 20 points maximum

DHCD will award points based upon the degree to which the proposed project reduces the need for State resources. Certain exceptions are made for certain State-controlled resources the use of which the Department does not want to discourage. The resources regarded as leveraged included:

- Any Source including locally controlled federal sources (HOME, CDBG, State Small Cities CDBG). Also includes PILOTs, Fee Concessions, or Concomitant Program Investments
- Baltimore Vacants Reinvestment Initiative (BVRI)/Project CORE funds awarded by DHCD;
- Strategic Demolition funds awarded by DHCD;
- State Revitalization Program (SRP) funds awarded by DHCD;
- Local contributions (as described below);
- Locally-controlled federal resources such as HOME, CDBG, or State Small Cities CDBG;
- Other non-DHCD State funding;
- Private or self financing, including developer equity or soft funding;
- Private or philanthropic funding;
- Equity from federal historic tax credits (as described below) or New Market tax credits; and
- Capital from a qualified Opportunity Zone fund.
- Projected equity from federal Historic Tax Credits (HTC) is also considered leveraged funding. To qualify the applicant must provide evidence that:
    - i. the Part 1-Historic Preservation Certification Application has been submitted to the Maryland Historical Trust (MHT);
    - ii. document that MHT has recommended approval of the Part 1 Application or document that the project building(s) is already listed in the National Register; and,
    - iii. certify that the applicant will complete the HTC application process and diligently pursue HTC equity investment.

Leveraging will be calculated as follows:

UPLIFT Funds/Total Project Costs x 20 possible points = Points Awarded

4.3.2 Public Impact Investments: 10 points maximum

Public, private, and philanthropic investments that strengthen the project area's built environment bolster property values when combined with housing investments. A total of 10 points will be awarded for investments in the approved Project Area's built environment that reduce deterioration, address environmental contaminants, install or upgrade infrastructure, or provide public amenities. The built environment will include infrastructure and amenities within ¼ mile radius of the project area, or investments that lie along a dominant path of travel from the Project Area to recognized transportation, entertainment, employment, or recreation facilities. These investments will have been completed up to five years before scheduled project start date or which are committed and will be completed within three years of the project's scheduled start date. Investments will be certified by the investing entity in a manner satisfactory to the Department.

Points will be awarded as follows:

Category	Examples	Qualifying Cost (Minimum)	Points
Reducing Deterioration and Environmental Contamination	Demolitions, Environmental Clean-Ups, Home Renovations	$100,000	3
Infrastructure (Light)	Street Lighting, Signage, Sidewalks, Tree Plantings	$100,000	3
Infrastructure (Heavy)	Water and Sewer Piping, Repaving	$500,000	2
Public Amenities	Parks, Playgrounds, Libraries	$500,000	2

4.4 Readiness to Proceed: 30 points maximum

Projects will be evaluated for their readiness to proceed and the proportion of the Project Area which they will affect. Points will be awarded in three areas:

1. Neighborhood Plan Alignment
2. Due Diligence, Design, Scope, and Budget
3. Land Use and Construction Approvals

4.4.1 Neighborhood Plan Alignment: 10 points maximum

To receive points in this section, the project must contribute to fulfillment of what the Department determines is a Concerted Community Revitalization Plan. Such a plan will be:

a) Officially adopted, endorsed, or otherwise recognized by a local government or created with local government involvement. For this criterion, the Department will consider other evidence that the Project Area has been designated for uses consistent with single family housing development in the form of the revitalization zone designations, development programs, or comparable documentation;

b) Established to increase investment in the community or build from existing community assets;

c) Developed and approved in accordance with local planning requirements;

d) Includes evidence of community and stakeholder engagement;

e) Has a defined geographic boundary, that includes the proposed site or is focused within a single municipality, jurisdiction, or targeted area;

f) If there is a housing component in the plan, the plan should include rehabilitation or new construction of housing for homeownership as a goal for the community;

g) Includes details of implementation measures along with specific time frames for the achievement of such policies and housing activities; and

h) Provides a list of other investments occurring or planned within the immediate area.

A community revitalization plan will be considered **ineligible** if it:

a) was formulated solely by a Development Team member if not a community-based, not-for-profit or public housing authority. This requirement shall not exclude a plan which included Development Team member(s) as a participant in the planning process;

b) is a merely a comprehensive plan, consolidated plan, municipal zoning plan or land use plan; unless such plan includes a neighborhood-based or other location-specific strategy that articulates where development may occur; or

c) is not relevant to current neighborhood conditions.

Documentation must be submitted as part of the Application Submission Package that supports each of the elements above, including:

A. A certification form executed by both the applicant and the local government through the local planning department or zoning board that demonstrates that the plan meets the requirements of DHCD, or evidence that this plan is officially adopted, endorsed, or otherwise recognized by a local government or created with local government involvement.

B. A copy of the full revitalization plan; and

C. A map of the area targeted by the plan identifying the location of the project.

Points will be awarded based upon a demonstration in the application of the plan's alignment with a qualifying plan as follows.

Project/Plan Relationship	Points to be awarded
The project generally supports the plan's revitalization goals.	3
The project specifically aligns with the plan's housing goals.	5
The project sites are specifically named as a priority for the plan's fulfillment.	2

4.4.2 Due Diligence, Design, Scope, and Budget: 10 points maximum

Projects will be scored according to the extent they have characterized the project sites and incorporated the relevant findings in the project's design, scope, and budget. The calculation is generated in the application's relevant tab.

4.4.3 Land Use and Construction Approvals: 10 points maximum

Projects will be scored according to the extent they have achieved milestones on the path to a construction start. The calculation is generated in the relevant tab.

4.5 Development Quality: 20 points maximum

Up to 20 points may be awarded based on features related to a project's physical quality and its impact on the environment, including the surrounding neighborhood and the residents.

4.5.1 Project Durability and Enhancements: 20 points maximum

Applicants should refer to the Design and Construction Standards posted on the UPLIFT Webpage. . Details about point allocations are provided in the application documents.

4.5.2 Construction or Rehabilitation Cost Disincentives: Negative 8 points maximum

To encourage cost effective construction, DHCD has established limits on the dollar amount of construction costs per square foot. UPLIFT provides New Construction and Rehabilitation Cost Limits.

While some unique aspects of a given project may reasonably require greater investment (for example, redevelopment of a historic building on a brownfield site), DHCD also wants to encourage selection of projects that achieve various public goals, including taking on challenging sites, building high quality projects, and serving populations with unique needs, while still doing so for reasonable costs. To this end, DHCD will deduct points for projects that exceed the cost limits further are described below.

DHCD will consider requests from sponsors of projects involving adaptive re-use of previously nonresidential buildings; substantial historic rehabilitation; or redevelopment/reconstruction of housing determined to be beyond repair to be evaluated against new construction cost limits rather than the rehabilitation limits.

For the purpose of determining the per square foot cost, DHCD includes all on-site and off-site development and the total construction contract less any construction contingencies. This total is then divided by the gross square footage of all buildings being built or renovated. Applications should include area and square foot cost for parking related construction separate from residential buildings on CDA Form 212.

DHCD will review the cost limits periodically and revise them as appropriate based on market conditions and information provided by published industry publication cost indices. Changes will be announced at the pre-round information session and posted to DHCD's website at least thirty (30) calendar days before the application deadline.

Unless a waiver has been requested and granted in accordance with Chapter 8 of this Guide, up to eight (8) points will be deducted from any project.

The amount of point deduction will be calculated by dividing the amount the project exceeds the applicable cost limit by the applicable cost limit and multiplying the result by eight (8) points.

4.6 State Bonus Points: 10 points maximum

The Secretary may award up to 10 bonus points to projects that present unusual opportunities to accelerate revitalization or add exceptional value to communities.

5 Development Loan Underwriting and Processing

5.1 UPLIFT Reservations of Funding

Following approval of recommended funding, the Department will make reservations to projects that meet Threshold Criteria and score adequately, depending on funding availability. Successful sponsors will receive a funding Reservation Letter. A Reservation Letter does not obligate DHCD to make a loan. A subsequent Commitment Letter will stipulate more detailed terms and conditions once underwriting has been completed.

A reservation of funding may be canceled if projects fail to proceed timely or deviate materially from the approved application.

A reservation may be canceled, and an application withdrawn from processing if any of the following occur:

1. The loan processing and Final Underwriting Submission (FUS) requirements as described in this section are not met. This includes a failure to meet FUS timeframes.
2. The project changes substantially from the initial submission. A substantial change includes:
    a. a change resulting in a score reduction of the lesser of 3% or an amount sufficient to lower the score below the cut-off score for the round in which the project was approved;

b. a significant change in the project's design, financing, or amenities;
c. a material reduction in the project's income targeting or unit count;
d. a change of the project's sponsor or other member of the Development Team without the prior written approval of the Director of the Community Development Administration Housing;
e. a significant change of the project's site;
f. the project no longer meets all Threshold Criteria;
g. the project's Developer, sponsor, owner, or its general partner(s) or managing member(s) files for bankruptcy or is the subject of an involuntary bankruptcy.
h. the project is, for any reason, no longer feasible; and,
i. the project's Developer, sponsor, or owner submits false, misleading, or incomplete information to DHCD.

DHCD reserves the right in making a reservation to substitute sources of funds, if, in DHCD's sole determination, this substitution provides for a more efficient use of DHCD resources.

5.2 Early Start

The Department recognizes that some developers may have the experience, site control, and financial resources to begin work on a project significantly before a complete underwriting and financial closing can occur. In such cases, an awarded project may apply to the Department for an, "Early Start." All work done under the Early Start will be at the developer's risk in the event the project does not ultimately close.

5.3 Kick-off Meeting

Following the issuance of a reservation letter, the Department will schedule kick-off meetings with sponsors. The DHCD single family lending team assigned to each project, which includes underwriting, construction, and finance staff, will be present at the meetings. Sponsors should require representatives of their contractor, architect, and marketing and sales agent to attend.

The purpose of these meetings is to review the reservation letter to gain a common understanding of their requirements, terms, and provisions for further processing of applications, including setting the processing schedule.

5.4 Underwriting and Construction Review

Following the Kick-off meeting, the Department will provide a developer with an Application Review Report (ARR) detailing additional documents requested for the Department's review. The ARR will request specified construction documents including plans, specifications, and contract documents, due diligence reports, etc., as appropriate. The ARR will also request updated financial commitments, financial statements, etc.

The Application Review Report will request the developer details any changes to their original application and provides the additional information needed for the issuance of Commitment Letter.

5.5 Initial Closing, Eligible Costs, and First Draw Requisition

Along with the commitment letter, sponsors receive a loan closing checklist. Initial closing will occur once all closing conditions set forth in the commitment letter and closing checklist have been satisfied. A sample of the loan closing checklist can be found on the UPLIFT website under the "Closing Documents" dropdown menu.

DHCD's standard loan conditions are detailed in the commitment letter. Sponsors should also review and understand DHCD's eligible cost, draw, and requisition requirements, particularly those affecting the initial draw. Staff is available to meet and review the eligible costs and draw and requisition procedures.

Initial draw requests must be submitted to DHCD at least fifteen (15) business days prior to initial closing. Accepting DHCD's form closing documents without modification expedites the closing process.

5.6 Post Reservation Scheduling

DHCD must approve any significant deviations from the project schedule set forth in the application. In these cases, sponsors must submit updated schedules, including an explanation for the change, to DHCD for review. Sponsors must promptly notify DHCD if for any reason projects that receive reservations become infeasible.

DHCD monitors the progress of projects to ensure timely completion. Funding Reservations may be canceled if a project falls too far behind its schedule, in DHCD's determination, or if it is determined that DHCD resources are in jeopardy of being lost to the State due to nonperformance by the sponsor. Failure to meet DHCD processing schedules may also affect future scoring of Development Team members.

5.7 Developer Loan Requirements

This section sets forth the terms applicable to State loans. In all cases, DHCD reserves the right to adjust loan terms for a particular project based on its underwriting and subsidy layering reviews. In general, loan terms will provide the State with the assurance of repayment, efficient leverage, and appropriate returns while accomplishing its program objectives.

5.7.1 General Terms

The following terms are generally applicable:

- **Structures**: Developers will secure construction financing in the form of a 1st lien loan. The State's UPLIFT loan will be in a 2nd secured position.
- **Maximum Awards**: UPLIFT awards may be up to $75,000 per unit, depending on the difference between the cost to build per unit and the as-completed appraised value.
- **Unit Counts**: Projects will be comprised of at least eight (8) units. Waivers may be accepted for projects with lower unit counts. Approvals of high or low unit counts will be based on readiness to proceed.

- **Loan Term**: The loan term will be the construction loan period (generally the construction contract term plus three months for cost certification), including the approved phasing process. Repayment of the loan will be accelerated due to sale, or occurrence of an event of default.

- **Interest**: 0% interest.

5.7.1.1 UPLIFT Projects in ENOUGH Areas or Just Communities

To elevate the State's commitment to the ENOUGH Initiative and Just Communities, UPLIFT-eligible projects that overlap with ENOUGH or Just Community census tracts may receive increased flexibility in unit count or funding limits.

5.7.2 Development Loan Processing and Standards

To meet threshold requirements, an application must comply with the Department's applicable underwriting standards.

The State's investment or allocations of resources will not exceed what is necessary for financial feasibility and industry best practices, DHCD will underwrite all applications for all loans.

5.7.3 Construction or Rehabilitation Period

Construction or rehabilitation of projects normally commences once initial closing is complete. Prior to the start of construction or rehabilitation, sponsors and their general contractor must participate in a pre-construction conference with the DHCD Housing construction staff and Finance Manager responsible for the project. The purpose of the meeting is to fully review all construction period procedures, such as inspections by DHCD staff, draw requisition and disbursement procedures, and change order procedures and requirements. All other project lenders should be present at this meeting to ensure a smooth inspection and draw process.

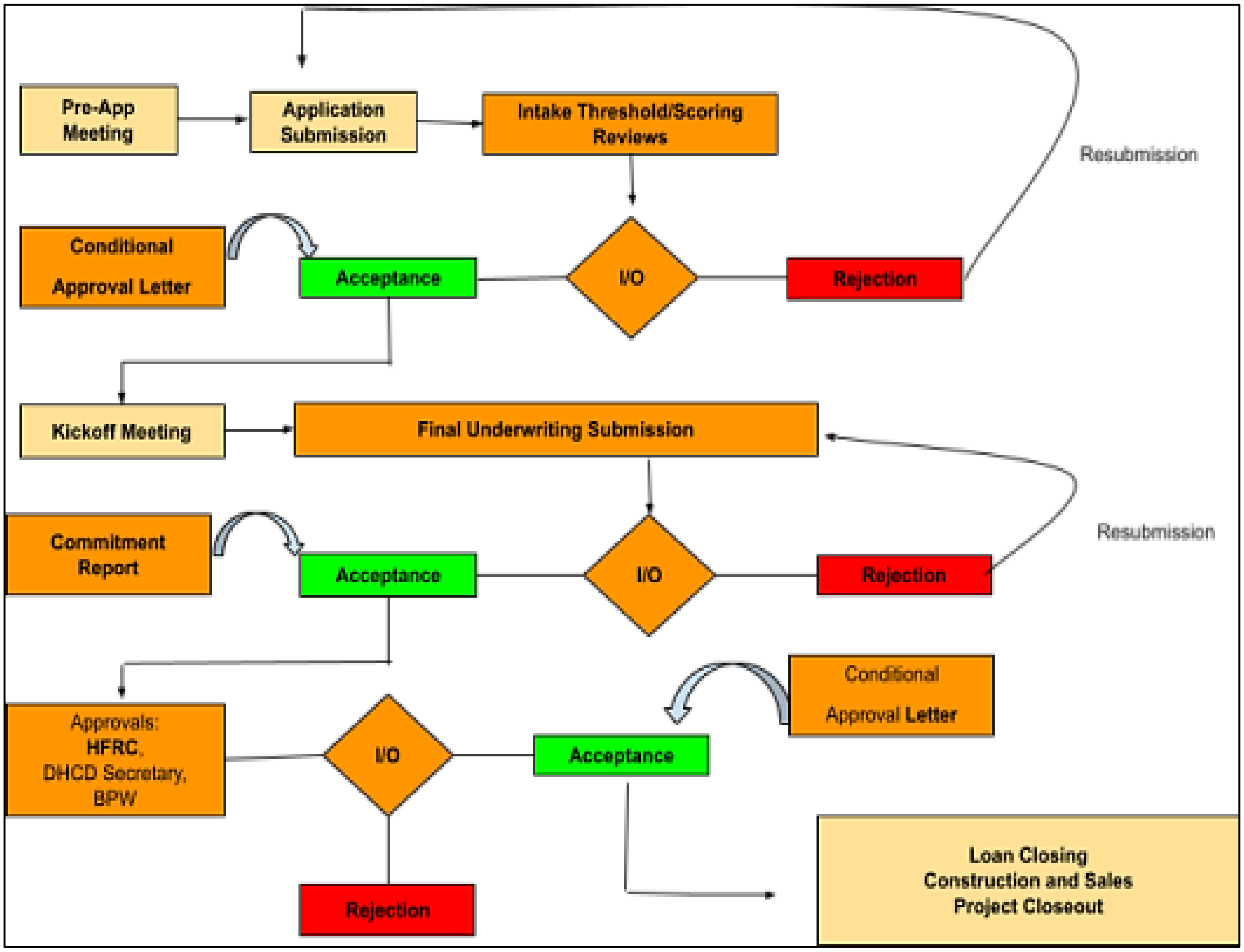
5.7.4 Developer's Fee Disbursement

DHCD may allow up to 25% of the projected non-deferred portion of the budgeted Developer's Fee to be disbursed at initial closing. The remaining Developer's Fee is disbursed on a pro rata basis as units sell subject to 10% retainage.

Final Determination of Loan Proceeds: only after a cost certification is accepted by DHCD, and DHCD's final closing requirements have been completed.

5.7.5 Final Closing

After the completion of construction or rehabilitation, sponsors must complete a cost certification prepared by an independent certified public accountant. The cost certifications will be reviewed within ninety (90) calendar days of receipt, provided all construction close-out documents and change order requests have been submitted before or at the same time that the cost certification is received. A final determination of mortgage proceeds or close-out letter will be prepared and sent to the sponsor for signature.


Pre-App Meeting
Application Submission
Intake Threshold/Scoring Reviews
Resubmission
Conditional Approval Letter
Acceptance
I/O
Rejection
Kickoff Meeting
Final Underwriting Submission
Commitment Report
Acceptance
I/O
Rejection
Resubmission
Conditional Approval Letter
Approvals: HFRC, DHCD Secretary, BPW
I/O
Acceptance
Rejection
Loan Closing
Construction and Sales
Project Closeout

6 Homeowner Loan Terms

The most direct way in which UPLIFT redresses the consequences of the Appraisal Gap is by providing opportunities for households from disadvantaged demographic groups to affordably purchase quality single-family housing in revitalizing communities that, it is hoped, will appreciate in value. While specific prices will differ from project to project and even within projects, sales and marketing will be done under a plan approved by the Department. Projects will be marketed in compliance with Fair Housing requirements and each project will sell 25% of its units to households earning 80% of the Area Median Income (AMI) under terms those households can afford. Unrestricted project units will be sold at the market price.

UPLIFT enables housing to be built by furnishing the difference between the cost to produce this housing and its sales price. UPLIFT fills the gap during construction by funding construction and when the home buyer acquires title using a down payment, any down payment assistance or other subsidy, and the first mortgage, the Department will execute a Promissory Note (PN) with the buyer in the amount of the Appraisal Gap.

It is not the Department's intention that the homebuyer will actually repay this loan as they will their mortgages. There will be no interest charged on the loan and no principal payments required during the term of the loan. The principal balance of the PN will automatically decline by 20% per year and therefore be forgiven at the end of the five-year term.

To illustrate the declining balance of the note, at the end of the first year, the outstanding balance will be 80% of the original balance, even though the borrower will have made no payments. At the end of the second year, the principal balance will decrease again by 20% of the original face amount and will therefore be 60% of the original principal. Over the next three years, the same annual, automatic 20% reduction will result in satisfaction of the PN and the $0 balance.

There will be only two instances when a payment will be due on the PN. The first would arise if the borrower committed fraud or some other comparably illicit act applying to buy the home or otherwise violated customary terms and conditions. The second occurs if the buyer sells or otherwise transfers the home within the five-year term at a price resulting in Net Appreciation that is a net gain greater than the outstanding balance left on the loan and the seller's invested equity.

In practice this would mean that if on sale there were no Net Appreciation between the original sale and the latter one, no payment would be made. If there were some Net Appreciation but the amount was less than the outstanding balance of the loan, the borrower would owe just the amount of the Net Appreciation and the rest of the balance would be forgiven. If the amount of the Net Appreciation were greater than outstanding balance, only the outstanding balance would be owed.

To illustrate using round numbers, consider three hypothetical cases in which a homebuyer originally purchased the home for $250,000 and was selling it before the end of the five-year term when the PN's outstanding balance was $10,000.

1. In the first case, at this second sale, the house was sold for $245,000, $5,000 less than the original sale price. There would therefore be no Net Appreciation, and nothing would be owed on the PN. The outstanding balance of $10,000 would be forgiven.
2. In the second case, at this second sale, the house was sold for $253,000, producing Net Appreciation of approximately $3,000, an amount less than the $10,000 outstanding balance of the PN. Here, the $3,000 would satisfy the PN. The remaining balance of $7,000 would be forgiven.
3. In the third case, the house was sold for $265,000 producing Net Appreciation of $15,000, an amount greater than the $10,000 outstanding balance of the PN. Here, the $10,000 would satisfy the PN. The remaining balance of $5,000 would be retained by the seller.

In summary:

	Case 1	**Case 2**	**Case 3**
Original Purchase Price	$250,000	$250,000	$250,000
New Sales Price	$245,000	$253,000	$265,000
Approximate Net Appreciation	None	$3,000	$15,000
Outstanding PN Balance	$10,000	$10,000	$10,000
Required Payment to Satisfy PN Loan	$0	$3,000	$10,000
Additional Equity to Owner on Sale	$0	$0	$5,000

The terms of the PN serve two important State interests. First, they will encourage homeownership in communities where patterns of disinvestment have led to abandonment and in doing so help renew the built environment. New homeowners will also strengthen that fabric essential to any thriving community as they engage with neighbors. Second, they provide meaningful opportunities to build equity among current and future residents for whom disinvestment has comparatively depressed household wealth and perpetuated race-based financial handicaps.

The Promissory Note Form may be found on the UPLIFT Webpage. In certain instances where developers may use an alternative method to achieve the Department's purposes, the Department may, in its sole judgement, accept this method in place of the Department's promissory note.

7 Asset Management and Regulatory Compliance

The development team will be expected, if and as the need arises, to respond appropriately to situations in which repairs for work under warranty is required, latent defects are found, or they are providing a service to Legacy Homeowners or as Neighborhood Engagement Facilitators which was agreed to extend beyond the construction phase.

8 Waivers

8.1 Waivers – General

In general, and unless specified elsewhere in this section, the Director of the Community Development Administration may grant waivers of the criteria and procedures in this Guide based on the factors for considering waivers. In addition, the Code of Maryland Regulations (COMAR) allows the Secretary of DHCD to waive or vary particular program regulations to the extent that the waiver is consistent with the governing statute if, in the determination of the Secretary of DHCD, the application of a regulation would be inequitable or contrary to the purposes of the governing statute.

DHCD generally requires applicants seeking a waiver of the Threshold or Evaluative Scoring Criteria in this Guide to submit such requests in writing to the Director of the Community Development Administration in advance of application submission through a Waiver Request Form. DHCD will provide a response within fifteen (15) calendar days of receipt of the waiver request. This provision for waivers applies only to State-funded programs and State-imposed Threshold and Evaluative Scoring Criteria.

8.2 Waivers of Threshold or Evaluative Criteria

8.2.1 Minimum Proportion of Home Sites to Project Area Vacant Sites

Under Section 3.9.1, to be eligible for resources under the UPLIFT program, projects are required to build upon a minimum of 70% of the vacant sites in the project area. The Department anticipates that in some project areas it can be demonstrated that a lower proportion of construction to vacant sites will be able to achieve the critical mass sufficient to have the program's intended effect on property values. Applicants who can demonstrate that their project can be expected to produce a significantly stronger real estate market in the project area may submit a waiver request that the Department consider reducing the required proportion accordingly.

8.2.2 Delineation of the "Project Area"

Under Section 3.9.1, the, "Project Area," is defined as either the 1) the rectangle encompassing all project sites units and bounded by the streets in the four cardinal directions or 2) the single street on which all project units are located, bound by the cross streets nearest the end units. The Department anticipates that in some instances, an applicant will be able to demonstrate that modifying Project Area boundaries nevertheless generates the critical mass sufficient to have the program's intended effect on property values. Applicants who can demonstrate that their project can be expected to produce a significantly stronger real estate market in the project area may submit a waiver request that the Department consider adjusting Project Area boundaries accordingly.

8.2.3 Previous Project Performance

Regarding the defaults involving loans, waivers of the restriction on referenced in Section 3.1, waivers may be granted for Primary Development Team members that were not involved in the defaulted loan for at least one (1) year prior to the default. In the case of other defaulted loans, waivers may be granted based on the circumstances surrounding the particular default. A waiver under this section must be approved by the Secretary of DHCD. Among the factors considered in granting a waiver are:

- Reasons for the default;
- The applicant's role in the defaulted property and responsibility for guaranties or operations of the defaulted property; and
- Performance of other properties in the applicant's portfolio.

8.2.4 Previous Participation

DHCD may grant waivers for Primary Development Team members unable to meet DHCD processing requirements referenced in Section 3.2.1.2 and 3.2.1.3 based on the circumstances surrounding the particular delays or failures including the reasons for the delays, the applicant's role in the processing delays, and the performance of the applicant in meeting processing timeframes for other projects. A waiver under this section must be approved by the Secretary of DHCD.

8.2.5 Construction or Rehabilitation Costs

DHCD may grant waivers of the per square foot maximum applicable construction or rehabilitation costs published by the Department based on staff evaluation of the project's conformance with other application criteria, extenuating circumstances such as the adaptive reuse of existing structures, the need to meet the State or Federal Historic Tax Credit Requirements (if applicable), the amount of equity and other financial resources leveraged, unusual site conditions, public infrastructure requirements, and the experience of the design professionals and the general contractor for the proposed project.

8.2.6 Development Related Fees

Waivers regarding various development related fee limits, such those for a project's Builder, Architect, Engineering, and Developer, may be requested for projects where the need for with specialized services or consultants or other unusual circumstances justify exceeding the program's current cap. Applicants must include a detailed explanation of the reasons for the increased fee with the request for a waiver. DHCD will evaluate waiver requests for reasonableness on a case-by-case basis to determine compliance with the threshold requirements.

8.2.7 Project Phasing

Waivers regarding project phasing restrictions may be submitted provided that such request includes an appraisal or market study meeting the criteria of this Guide and demonstrating that the subsequent phase(s) will not adversely affect the sales of a preceding phase.

8.2.8 Deductions for Team Experience

Waivers regarding the provisions for negative points in Section 4.5.2 must provide a detailed written request consistent with the standards outlined in Section 8.1 above.

8.2.9 Unit Counts

Section 5.7.1 states that projects should include at least eight (8) units. Projects with fewer units may submit a waiver for consideration. An applicant should be able to demonstrate how their project will have an influence on the overall trend within the community, despite their smaller unit count.